

**GOVERNMENT OF THE DISTRICT OF COLUMBIA  
DEPARTMENT OF CONSUMER AND REGULATORY AFFAIRS**



Public Hearing  
On  
B23-122, the “Cashless Retailers Prohibition Act of 2019”

Testimony of  
Ernest Chrappah  
Director  
Department of Consumer and Regulatory Affairs

Before the  
Committee of the Whole  
Council of the District of Columbia  
The Honorable Phil Mendelson, Chairman

February 13, 2020  
10:00 am  
Room 120  
John A Wilson Building

1350 Pennsylvania Avenue, NW  
Washington, DC 20004

Good morning, Chairman Mendelson, Councilmembers, and staff. I am Ernest Chrappah, the Director of the Department of Consumer and Regulatory Affairs (DCRA). I am here this morning to testify on Bill 23-122, the “Cashless Retailers Prohibition Act of 2019.”

DCRA’s primary mission is to protect the health, safety, economic interests and quality of life of residents, businesses, and visitors in the District of Columbia by ensuring code compliance and regulating businesses. We take our mission seriously and believe we have an obligation to promote the economic interests of all residents by providing them a city that is equitable and inclusive.

As the District continues to embrace the current technological trends that seem to favor cashless payment methods, we must also remember those who are being left behind during this transactional transformation. A recent study conducted by the Federal Reserve shows that cash transactions in the United States have fallen from 40.7 percent of all transactions in 2012 to 31 percent in 2017. Although these numbers point to a steady increase in cashless payment methods, these numbers do not paint the whole picture.

A sizeable portion of the District’s population is unbanked or underbanked. According to a report by the Federal Deposit Insurance Corporation in 2017, eight percent of District households are unbanked and 21.2 percent of District households are underbanked. According to this report, there are roughly 342,000 households in DC, which means there are 93,500 households that are either unbanked or underbanked. Taking these numbers into account and pairing them with a national statistic that 17 percent of all African-American households and 15 percent of all Latino households do not have a bank account, one can begin to see how cashless businesses can put some of our residents at a disadvantage. We, as a District, must take note of these numbers and continue to pursue policies and programs that will get all of our residents fully banked. If we do not, these

communities will be left behind, unable to access the global economy that has shifted away from the traditional tender of the United States. Programs like Bank on DC, which was established to help District residents setup bank accounts, are pivotal to the economic growth and survival of District residents. Since its inception in 2010, Bank on DC has opened 11,830 accounts that have saved individual residents \$800 per year in check cashing fees, or an estimated savings of approximately \$9.4 million over the life of the program. We ask that the Council continue to support Bank on DC.

According to a study conducted by the Federal Reserve Bank of San Francisco in 2017, roughly 60 percent of in-person transactions under \$10 were conducted with cash; indicating a strong preference for this form of payment, especially for small transactions. We believe the District should be open for business to everyone, whether that customer is using paper, plastic, or electronic forms of payment. We support the intent of Bill 23-122 because it keeps the doors open to those still wishing to pay in cash.

With that said, the Executive also believes it is important to raise the concerns of those business owners who operate cashless entities in the District. Cashless businesses contend that by not accepting cash they are able to increase efficiencies, revenues, overall employee and patron safety, convenience, and environmental sustainability. By eliminating cash transactions, business owners are able to remove physical cash registers, eliminate the time employees spend manually counting and managing money, and deter robberies. These are legitimate factors that the Council should keep in mind as this issue is discussed.

We also recommend that the Council clarify the definition of what is considered a retailer under this bill. Our recommendation would be to limit the scope to brick and mortar establishments and consider exemptions for businesses like parking garages that are automated and rental car

businesses that require credit cards to cover damages. New Jersey, New York City, and Philadelphia have such exemptions that are worth examining.

Thank you for the opportunity to testify today. I look forward to answering any questions you may have.